



## MEMORANDUM

TO: Mayor Tom Carlson and Members of City Council

RE: Council Update

DATE: March 24, 2009

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Given some confusion within the community associated with the existing  $\frac{1}{4}$ -cent sales tax for capital improvements, I am providing the enclosed memo in an effort to help clarify the use of those funds and their level of importance in supporting the City's transportation infrastructure.

As a courtesy, I am also forwarding the enclosed memo to Mr. Mark Wright and Dr. Darin Chappell, the leaders of the SOS group that has advocated for non-renewal of this tax. As noted in the memo, we will provide that proposal to the Police-Fire Pension Fund Citizen's Task Force for their consideration.

Please contact me if you have any questions.

Sincerely,

Greg Burris  
City Manager

BC/keh

cc: Evelyn Honea, Deputy City Manager  
Collin Quigley, Assistant City Manager  
Brenda Cirtin, City Clerk  
Marc Thornsberry, Director of Public Works  
Louise Whall, Director of Public Information



## MEMORANDUM

TO: Mayor Tom Carlson and Members of City Council

RE: Clarification of ¼-Cent Sales Tax for Capital Improvements

DATE: March 24, 2009

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I have had requests for information regarding the significance of the ¼-cent sales tax for capital improvements, in particular as it relates to the proposal from the group advocating replacing this ¼-cent sales tax with a new ¼-cent tax designated for the Police/Fire Pension Fund.

My purpose with this memo is not to address the merits of using a ¼-cent sales tax as a funding mechanism for the Pension Fund. We intend to forward that proposal to the Citizen's Task Force for evaluation among all the options it will review.

Rather, I want to clarify the role of the ¼-cent sales tax for our city's basic infrastructure needs in light of the SOS group stating that the ¼-cent tax represents about ten (10) percent of our capital improvements program.

The Capital Improvements Program (CIP) is a planning document produced annually to represent a six-year planning timeframe. It includes capital improvement priorities, defined as projects lasting six years or more, from all city departments, literally A-to-Z, from the Airport to the Zoo, whether funding is identified or not. That's why it is considered a planning document and is not a budget document.

The projects in the Capital Improvements Program use a variety of funding sources as outlined on the attached pie chart. It is important to note that the funding sources are not interchangeable: Revenue from the Airport, Sanitary Services or Solid-Waste enterprise funds cannot be used for other basic infrastructure needs. Voter-approved sales taxes designated for specific purposes such as Parks cannot be repurposed for non-parks projects. Grants written for specific projects cannot be reassigned to other projects. A number of projects are included that don't have an identified funding source.

Given that the ¼-cent sales tax for capital improvements has been the primary funding source for improvements to the City's transportation system, we believe the most appropriate way to view this funding is within the context of all funding available for the City's local transportation infrastructure needs, such as: Street and intersection construction; street repairs; pavement

preservation; school sidewalks; sidewalk repair and replacement; traffic signals; traffic signs; pavement markings; and general maintenance such as mowing, potholes, and snow removal.

On the second pie chart, you will see that the  $\frac{1}{4}$ -cent sales tax for capital improvements accounts for about 46 percent of the total revenue available for those needs.

The City's overall funding available for transportation infrastructure is about \$20 million a year. About \$10 million of that funding comes from sources other than the  $\frac{1}{4}$ -cent sales tax. Those include: the City's share of the county road and bridge tax; the state motor-fuel tax; the state vehicle sales tax and 50 percent of the city use tax, and General Fund dollars. That funding is used for maintenance needs and smaller-scale street projects. Examples would include: street repaving; pothole repairs; snow removal; street cleaning; right-of-way maintenance, mowing; signal maintenance; and sign and marking maintenance.

The separate  $\frac{1}{8}$ -cent transportation sales tax has been almost exclusively used to accelerate high-priority transportation investments on the state highway system in partnership with the Missouri Department of Transportation, which would not have been possible without this innovative cost-sharing partnership. This strategy has been very successful and allowed Springfield to leverage state, federal, and private dollars to advance critical transportation investments in our community. A small percentage of the  $\frac{1}{8}$ -cent sales tax for transportation is used on City streets for cost-sharing projects with Greene County and for promoting economic development, which typically leverages state, federal, and/or private developer dollars.

Voters first approved the  $\frac{1}{4}$ -sales tax for capital improvements in 1989 primarily as a means of securing a funding source to address the growing need for basic transportation infrastructure improvements specifically on the City's network. It has provided funding for the "meat and potatoes" of our transportation infrastructure needs such as major intersection improvements with dual left turn lanes, street widening, and other improvements to bring streets up to standards. However, the  $\frac{1}{4}$ -cent sales tax program also has funded traditional projects such as pavement preservation on arterial streets; all of our new school sidewalks, and the sidewalk repair and replacement program; new traffic signals, and major traffic signal maintenance program; programmed upgrades to traffic signing and markings using extended-life materials; and cost-share projects for economic development.

The  $\frac{1}{4}$ -cent projects for each three-year renewal cycle are prioritized as: 1) preservation of the existing city infrastructure network; 2) continuation of phased projects; and 3) new high-priority transportation needs on the City's network. The February 2007 renewal received 78 percent voter approval.

If we were to return to solely pre-1989 funding sources for transportation needs, the City would operate with essentially half of its current funding for a street network that has grown by nearly 132 centerline miles to 802 miles, a 20-percent increase since 1989. The impact would be as follows:

- Basic maintenance would have to receive priority over improvements.
- The continuation of several phased projects included in the current program would be delayed.
- Matching funds would not be available for cost-share agreements with other public or private partners, thus potentially missing out on these external sources of investment in our community.
- Future high-priority projects would be delayed because the funding simply wouldn't be available after addressing the maintenance needs.

Attached is an example of how our current revenues are able to address the needs in just one specific area supported by the ¼-cent tax – sidewalks. It will help illustrate how the current transportation funding is needed to maintain our most pressing needs.

In summary, the ¼-cent sales tax represents 46 percent of the funding available for the City's transportation network infrastructure. It has been presented with a three-year sunset clause to allow voters to determine whether the City has fulfilled its commitments before moving forward on the next set of projects. A well-maintained City transportation network is a key element of Springfield's economic development efforts and essential to Springfield's quality of life. The annual Citizens Survey taken in October 2008 highlighted the importance Springfield's citizens place on traffic improvements and maintaining city streets and infrastructure, which were cited as the top two overall city services that should receive the most emphasis over the next two years. Eliminating the ¼-cent program would drastically affect funding for these top citizen priorities.

I hope this information helps clarify information about the ¼-cent sales tax for capital improvements. If you have additional questions, please let me know.

Attachment A:

#### **Example of Existing Sidewalks:**

- The ¼-cent sales tax for capital improvements is the primary funding source for maintenance of existing sidewalks.
- Springfield has about 575 miles (3 million linear feet) of publicly maintained sidewalks.
- The current cost of materials and labor for sidewalk reconstruction is \$24 per linear foot.
- Based on the 30-year lifecycle, the city's overall sidewalk reconstruction needs for the existing sidewalks are \$72 million. (3,000,000 X \$24/square foot).
- Dividing \$72 million by 30 years equates to about \$2.4 million a year for sidewalk reconstruction.
- The current ¼-cent sales tax for capital improvements includes \$1.2 million for sidewalk reconstruction over the three-year period, or \$400,000 a year.

- With the current  $\frac{1}{4}$ -cent revenue, we are able to address about  $\frac{1}{6}$ , or \$400,000, of the \$2.4 million annual need for sidewalks.

**School Sidewalks:**

Since the beginning of the  $\frac{1}{4}$  cent Capital Improvements Sales Tax Program, there have been nearly 50 miles of new school sidewalks constructed in response to requests by Springfield Public Schools.

A recent study of additional sidewalk needs indicated that there are 100 miles of new sidewalks needed to meet the goal of having a sidewalk on one side of every street within a half mile of each elementary school to promote the safety of schoolchildren and their parents.

The  $\frac{1}{4}$ -cent program has allowed the construction of approximately 2.5 miles of school sidewalk each year. At this pace, it will take another 40 years to meet the goal.

Sincerely,

Greg Burris  
City Manager

**Attachment**

cc: Evelyn Honea, Deputy City Manager  
Collin Quigley, Assistant City Manager  
Brenda Cirtin, City Clerk  
Marc Thornsberry, Director of Public Works  
Louise Whall, Director of Public Information

# 2009-2014 Capital Improvements Program

